
By: **Delegates Cardin and Zirkin**

Introduced and read first time: February 13, 2004

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Commercial Law - Disposition of Collateral - Motor Vehicles**

3 FOR the purpose of authorizing a secured party to dispose of collateral consisting of a
4 motor vehicle at a public auction in another state if, after default, the secured
5 party first attempts to dispose of the motor vehicle at a public auction in this
6 State and the secured party does not receive a reasonable offer to purchase the
7 motor vehicle at the public auction in this State; and generally relating to the
8 disposition of a motor vehicle by a secured party after default.

9 BY repealing and reenacting, with amendments,
10 Article - Commercial Law
11 Section 9-610
12 Annotated Code of Maryland
13 (2002 Replacement Volume and 2003 Supplement)

14 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
15 MARYLAND, That the Laws of Maryland read as follows:

16 **Article - Commercial Law**

17 9-610.

18 (a) (1) [After] EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS
19 SUBSECTION, AFTER default, a secured party may sell, lease, license, or otherwise
20 dispose of any or all of the collateral in its present condition or following any
21 commercially reasonable preparation or processing.

22 (2) IF THE COLLATERAL CONSISTS OF A MOTOR VEHICLE, AS DEFINED
23 IN TITLE 11 OF THE TRANSPORTATION ARTICLE, AFTER DEFAULT A SECURED PARTY
24 MAY DISPOSE OF THE MOTOR VEHICLE AT A PUBLIC AUCTION IN ANOTHER STATE IF:

25 (I) THE SECURED PARTY FIRST ATTEMPTS TO DISPOSE OF THE
26 MOTOR VEHICLE AT A PUBLIC AUCTION IN THIS STATE; AND

27 (II) THE SECURED PARTY DOES NOT RECEIVE A REASONABLE
28 OFFER TO PURCHASE THE MOTOR VEHICLE AT THE PUBLIC AUCTION IN THIS STATE.

1 (b) Every aspect of a disposition of collateral, including the method, manner,
2 time, place, and other terms, must be commercially reasonable. If commercially
3 reasonable, a secured party may dispose of collateral by public or private proceedings,
4 by one or more contracts, as a unit or in parcels, and at any time and place and on any
5 terms.

6 (c) A secured party may purchase collateral:

7 (1) At a public disposition; or

8 (2) At a private disposition only if the collateral is of a kind that is
9 customarily sold on a recognized market or the subject of widely distributed standard
10 price quotations.

11 (d) A contract for sale, lease, license, or other disposition includes the
12 warranties relating to title, possession, quiet enjoyment, and the like which by
13 operation of law accompany a voluntary disposition of property of the kind subject to
14 the contract.

15 (e) A secured party may disclaim or modify warranties under subsection (d):

16 (1) In a manner that would be effective to disclaim or modify the
17 warranties in a voluntary disposition of property of the kind subject to the contract of
18 disposition; or

19 (2) By communicating to the purchaser a record evidencing the contract
20 for disposition and including an express disclaimer or modification of the warranties.

21 (f) A record is sufficient to disclaim warranties under subsection (e) if it
22 indicates "There is no warranty relating to title, possession, quiet enjoyment, or the
23 like in this disposition" or uses words of similar import.

24 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
25 October 1, 2004.